

1776 K STREET NW
WASHINGTON, DC 20006
PHONE 202.719.7000
FAX 202.719.7049

7925 JONES BRANCH DRIVE MCLEAN, VA 22102 PHONE 703.905.2800 FAX 703.905.2820

www.wilevrein.com

January 15, 2013

Nancy J. Victory 202.719.7344 nvictory@wileyrein.com

BY ECFS

Marlene H. Dortch, Secretary Federal Communications Commission 445 12th St., S.W. - The Portals Washington, D.C. 20554

Re: Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Assign Licenses, WT Docket No. 12-301

Dear Ms. Dortch:

On January 11, 2013, Wolfgang Kopf, Volker Stapper and Reinhard Wieck of Deutsche Telekom AG ("DT"), Tom Sugrue and Kathleen Ham of T-Mobile USA, Inc. ("T-Mobile USA"), Mike Senkowski, Mark Nelson, Mark Israel and the undersigned as counsel or consultant to DT/T-Mobile USA, Mark Stachiw of MetroPCS Communications, Inc. ("MetroPCS"), and Carl Northrop, C. Scott Hataway, Michael Wise and Jessica DeSimone as counsel to MetroPCS met with David Hu, Kathy Harris, Susan Singer, Kate Matraves, Monica DeLong, Scott Patrick, and Sara Mechanic of the Wireless Telecommunications Bureau, Steve Wildman and Jack Erb of the Office of Strategic Planning and Policy Analysis, Jim Bird and Virginia Metallo of the Office of General Counsel, and Shabnam Javid of the Media Bureau. The representatives of the Applicants reviewed the attached presentation regarding the proposed transaction, which details the transaction rationale, the ability of wireless market participants to reposition easily, and the transaction efficiencies. The representatives also explained that MetroPCS and T-Mobile are not unique competitive constraints on one another, as made clear by the previously submitted switching data.

This letter is being filed electronically pursuant to Section 1.1206 of the Commission's rules. Should you have any questions, please contact the undersigned.

Respectfully submitted,

/s/ Nancy J. Victory



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Attachment

cc: Best Copy and Printing

David Hu
Kathy Harris
Susan Singer
Kate Matraves
Monica DeLong
Scott Patrick
Sara Mechanic
Steve Wildman

Jack Erb Jim Bird

Virginia Metallo Shabnam Javid David Krech



CLEARY GOTTLIEB

T-Mobile/MetroPCS Presentation

January 11, 2013

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Throughout this presentation, "Cleary Gottlieb" and the "firm" refer to Cleary Gottlieb Steen & Hamilton LLP and its affiliated entities in certain jurisdictions, and the term "offices" includes offices of those affiliated entities.

Overview

- Transaction Rationale
- Repositioning and Ongoing Market Evolution
- Transaction Efficiencies

Transaction Rationale

- Creates a more viable #4 competitor with additional scale/cost structure to better compete against its still larger rivals and other aggressive players
- Enables broader and deeper roll-out of LTE
- Improves coverage, capacity, speed and service quality
- Allows expansion of MetroPCS brand and business model into new major metropolitan areas
 - Vast majority are unlikely to be served by MetroPCS stand-alone due to lack of urban density
- Generates significant network and non-network efficiencies
- Enables improved selection of handsets, content, and applications
- Facilitates growth of value plans

- AT&T, Verizon & Sprint have continually adjusted their plan offerings as the market has evolved and this is certain to continue
- No barriers to such "repositioning" by existing carriers
 - Wireless services offered through a continuum of differentiated payment options, including contract, pay-as-you-go, monthly unlimited, and hybrids
 - Contract and no-contract services are fundamentally the same from a supplyside perspective
 - Carriers can use existing networks and distribution channels to expand nocontract plans with de minimis additional costs
- Plenty of opportunity to grow through both branded and MVNO distribution
 - MVNOs are experiencing rapid growth
 - Tracfone with 2.4 million new subscribers, or 12.3% growth, year-over-year Q3 2012); compare to MetroPCS subscriber loss of 5% year-over-year

- Sprint's aggressive growth in prepaid/no-contract
 - Boost launched Talk/Text Unlimited plan for \$45 per month (04/12)
 - Boost /Virgin launched unlimited, unthrottled 4G data services (05/12)
 - Virgin launched the iPhone 4S (06/12)
 - Sprint MVNO Ting began offering LTE service and selling premier smartphones (07/12)
- Sprint has every incentive to continue aggressive growth
 - Additional capacity from Clearwire acquisition
 - Additional resources from Softbank transaction
 - September 2011 Apple deal committing to purchase of 30 million iPhones over 4 years
 - Sprint only sold 6 million iPhones in the first year, behind target
 - Will face competition from T-Mobile with the iPhone from 2013

- Verizon and AT&T refocusing efforts on prepaid/no-contract
 - Verizon launched new \$80 prepaid monthly plan for smartphone users: includes unlimited talk, messaging, and 1 GB of data access (05/12)
 - AT&T GoPhone launched larger prepaid data packages featuring 1 GB of monthly data for \$25, 200 MB for \$15 and 50 MB for \$5 (05/12)
 - AT&T upgraded its \$25 GoPhone prepaid plan (07/12)
 - AT&T launched a new GoPhone prepaid plan for \$65/month that undercuts Verizon's near identical \$80/month plan (10/12)
 - Tracfone's Net10 Wireless (using AT&T and Verizon networks, among others) launched a new \$60 monthly rate plan that includes unlimited international long distance calling (04/12)
- Other carriers have ample capacity and incentive to expand service offerings in response to a hypothetical price increase

Transaction Efficiencies

Marginal Cost Savings and Quality Improvements

- Merger-specific, cognizable increase in consumer welfare
 - Clear marginal cost savings and quality improvements resulting in consumer benefits
 - Increases competitive pressure on all carriers
- Reduced marginal costs of serving incremental subscribers and/or usage
 - As number of subscribers and traffic rises, carriers must invest in spectrum and/or network to maintain quality
 - Failure to undertake such investments or inability to secure spectrum reduces network quality and raises consumers' quality adjusted prices
- Improved network quality (particularly for MetroPCS subs) directly reduces quality-adjusted prices
- These cost and quality effects are largely additive

Well-Recognized Principles Underlying Network Efficiencies

■ FCC (2010): "To first approximation, the total capacity that a cellular architecture can provide to a given region can be described by the following equation." **

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Total capacity = (# of sites) x (# of sectors per site)
x (spectral efficiency (capacity/MHz))
x (spectrum deployed (MHz of spectrum))
/ (frequency reuse factor)
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Implications

- Combining sites and spectrum increases total capacity in a multiplicative, not merely additive, way
- With more spectrum, fewer cell sites needed to serve given traffic
- Marginal cost of additional capacity is also lower given increased spectral efficiency from adding spectrum

^{** &}quot;The Public Safety Nationwide Interoperable Broadband Network: A New Model for Capacity, Performance and Cost," FCC White Paper, June 2010, page 5

Significant Network Quality Improvements

- Network quality is critical to consumers
 - Churn rates drop as quality improves
 - Quality improvement is equivalent to price cut
- MetroPCS subs will get access to significantly enhanced LTE network
 - Combined firm expects to deploy 20 x 20 MHz in a substantial majority of top metro areas vs. MetroPCS plan to deploy mostly 5 x 5 MHz or less (except in Dallas, which would be 10x10 MHz)
 - Improvement yields more than double downlink and uplink peak data rates, and more than quadruple the capacity (vs. 5 x 5 MHz LTE)
- Greater cell density
 - Combined firm will have 84% more cell site equivalents in MetroPCS major metropolitan areas
 - Leads to fewer dropped/blocked calls, greater in-building coverage, faster throughput and greater capacity
- Single, nationwide network vs. costly roaming agreements for MetroPCS
- Significant organic coverage expansion for MetroPCS brand



Conclusion

- Combined T-Mobile/MetroPCS will have improved scale, spectrum, network and resources necessary to grow and better compete with AT&T, Verizon, and Sprint
- At least four major facilities-based competitors in all local areas post-transaction – plus several MVNOs and regional competitors
- No barriers to repositioning
- No significant increase in concentration levels nationally or locally
- MetroPCS/T-Mobile not unique competitive constraints on one another
- MetroPCS has limited spectrum, data coverage, and prospects for expansion – while the transaction allows MetroPCS to grow in both existing and new DMAs

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